

GOV. SCHWARZENEGGER

January 8th, 2004

Education Funding Background



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- From fiscal year 2003-04 to 2004-05, K-12 education funding will increase by \$2 billion and schools will continue to receive more money per student.
 - The Governor negotiated the agreement with members of the Education Coalition, including the California Teachers Association, Parent-Teachers Association, California School Boards Association, California Association of School Business Officials, Association of California School Administrators and California County Superintendents Educational Services Association.
 - As part of the agreement, the education coalition has agreed to support rebasing \$2 billion on a one-time basis in the budget year. The money will be built back into the base as a “maintenance factor” as prescribed by current law.
 - The actual amount and timing in which the \$2 billion is returned to the base calculation is determined by the Prop. 98 formula.

The Governor also agreed that once this \$2 billion is returned to the base, it will be allocated in the following priority order:

1. Restore any remaining K-12 revenue limit deficit.
2. Fund approved and legally required K-14 mandate costs.
3. Seventy five percent of remaining funds to be allocated as discretionary revenue to schools, and 25 percent allocated per the will of Governor and Legislature.

Summary

The state will save \$2 billion in this upcoming fiscal year. The \$2 billion rebased savings are eventually returned into the Prop. 98 base, as per the formula. Final agreement on the rebasing schedule is determined by the Prop. 98 formula.